

Serial No. 09/834,478
Docket No. 40655.1300

REMARKS

Applicants reply to the Final Office Action mailed May 11, 2005 within two months, so Applicants request an Advisory Action, if necessary. Applicants amend the application and seek reconsideration thereof. Claims 1-41 were pending and the Examiner rejects claims 1-41. Applicants do not add or cancel any claims and no new matter is added in this Reply.

I. Claims Rejected under 35 U.S.C. § 102

The Examiner rejects claims 33, 34, and 36-41 under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,689,100 issued to Carrithers et al. ("*Carrithers*"). Applicants respectfully traverse the rejection.

Carrithers discloses a debit card system, wherein a user presents a debit card associated with an awards account having a point balance as payment for a purchase, and the points are converted to a currency value in order to make the purchase (See *Carrithers*, Col. 6, line 61 – Col. 7, line 13). To use *Carrithers*' system, several pre-requisites must be met:

- 1) The merchant at which the consumer desires to make a purchase must be a participant in the rewards program, and "if the merchant is not an authorized merchant, the process proceeds to step 218 [of FIG. 2] to indicate invalidating data because the initiating merchant is not a merchant taking part in the incentive award program and, therefore, does not have the right to use the debit card" (*Carrithers* Col. 8, lines 18-22 and FIG. 2);
- 2) The system only applies to participating debit cards. If a non-participating debit card is used, "the process proceeds to step 222 [of FIG. 2] to generate invalidating data because the debit card account number is not part of the program data" (*Carrithers* Col. 8, lines 26-29 and FIG. 2);
- 3) *Carrithers*' system only applies to demand deposit accounts (DDAs), and "if the DDA portion is invalid, the process proceeds to step 226 [of FIG. 2] to generate invalidating data because of an invalid DDA account number" (*Carrithers* Col. 8, lines 32-35 and FIG. 2); and

Serial No. 09/834,478
Docket No. 40655.1300

- 4) "If the number of points when converted to a currency does not equal or exceed the value of the initiating debit transaction, the process proceeds to step 230 [of FIG. 2] to generate invalidating data because of insufficient points to complete the debit transaction" (*Carrithers* Col. 8, lines 37-42 and FIG. 2).

In addition, *Carrithers* only discloses a system with a single account, wherein the merchant, the consumer, and the debit account must be participants in the system for a particular transaction to be authorized. By contrast, independent claims 33 and 38 recite, "loyalty points are deducted from said loyalty account balance and posted to a financial account to offset an executed charge" and "exchange of account data and currency values between said loyalty program accounts and said financial transaction accounts," respectively. In other words, claims 33 and 38 recite at least two accounts.

To answer the Examiner's inquiry of "why does a 2nd account result in a patentable invention," Applicants submit that the present invention's second account is an improvement over the *Carrithers*' system as it overcomes the limitations discussed above in subsections 1-4. Specifically, the presently claimed invention does not require, for example, a merchant to participate in the rewards program, the merchant does not need to modify POS software or hardware, the merchant does not need to register for the system or obtain rights to use a financial card, or the use of a DDA account. These are important distinctions because it is oftentimes difficult to convince merchants to participate in special loyalty programs. This is particularly true when the merchant must spend time and money registering as a participant and altering its merchant systems.

Moreover, the second account has various other advantages included in Applicants' disclosure. For example, because Applicants' systems and methods utilize a loyalty account and a financial account, the consumer may utilize a transaction instrument (e.g., charge card, debit card, credit, and the like) linked to the loyalty account to make a purchase without having to worry about whether a merchant is a participating merchant, whether there is a sufficient point balance in the account, and the like. In other words, Applicants' systems and methods allow the consumer to present the transaction instrument as payment to substantially any merchant and

Serial No. 09/834,478
Docket No. 40655.1300

then subsequently have the executed charge offset with currency converted loyalty points. As such, the limiting factors of *Carrithers* are overcome in addition to allowing the consumer to have a great deal more flexibility in making purchases.

The failure of *Carrithers* to teach each of the elements of claims 33 and 38 is fatal to the anticipation rejection. Therefore, claims 33 and 38 are not anticipated by *Carrithers*. Accordingly, Applicants respectfully request withdrawal of the rejection of claims 33 and 38.

Claims 34, 36, and 39-41 each either directly or indirectly depend from claim 33 or 38 and include all of the elements thereof. Therefore, Applicants submit claims 34, 36 and 39-41 are not anticipated by *Carrithers* at least for the same reasons as set forth above, in addition to their own respective features. Accordingly, Applicants respectfully request withdrawal of the rejection of claims 34, 36, and 39-41.

II. Claims Rejected under 35 U.S.C. § 103

The Examiner rejects claims 1-22, 24-32 and 35 under 35 U.S.C. § 103(a) as being obvious over *Carrithers* in view of what is known in the art. Applicants traverse the rejection.

In making the rejection, the Examiner characterizes *Carrithers* as teaching most of the elements of independent claims 1, 5, 19, and 24, but not disclosing "that the points are held in one database account and the credit is given to a 2nd account (the debit card account)." To render obvious the elements of claims 1, 5, 19, and 24 not disclosed in *Carrithers*, the Examiner asserts:

It would have been obvious to one of ordinary skill in the art at the time of the invention was made to store the loyalty points in a first database account, with the converted currency value being credited to a 2nd account (the debit card account). *Carrithers* discloses the storing of loyalty points, retrieving that information, and converting points to currency as claimed. Having the points stored in a separate database account from the debit account itself is considered obvious to one of ordinary skill in the art.

With reference to the merits of the Examiner's rejection, similar to the discussion set forth above, *Carrithers* only teaches a system having one account, and does not teach or suggest the elements of "applying said currency value as a credit to a financial account...wherein said

Serial No. 09/834,478
Docket No. 40655.1300

currency value is applied to offset an executed charge” as similarly recited in independent claims 1, 5, 19, and 24. As discussed above, claims 1, 5, 19, and 24 overcome at least the limiting features of *Carrithers* discussed above, in addition to providing the various other advantages discussed in Applicants’ disclosure. Thus, Applicants submit one skilled in the art would not modify the single account/database system of *Carrithers* to read on claims 1, 5, 19, and 24. Therefore, *Carrithers* in view of the ordinary skill in the art fails to teach or suggest each of the elements of claims 1, 5, 19, and 24.

In addition, Applicants respectfully traverse the Examiner’s assertion that it would have been obvious to one of ordinary skill in the art at the time of the invention was made to store the loyalty points in a first database account, with the converted currency value being credited to a financial account to offset an executed charge, and that having the points stored in a separate database account from the debit account itself is considered obvious to one of ordinary skill in the art. As such, Applicants respectfully request the Examiner to produce a reference disclosing such in accordance with MPEP § 2144.04.

Claims 2-4, 6-18, 20-22, and 25-32 each either directly or indirectly depend from claims 1, 5, 19, and 24, respectively, and include all of the elements thereof. Therefore, Applicants submit claims 2-4, 6-18, 20-22, and 25-32 are not obvious over *Carrithers* in view of the ordinary skill in the art at least for the same reasons as claims 1, 5, 19, and 24, respectively, in addition to their own respective features. Accordingly, Applicants respectfully request withdrawal of the rejection of claims 2-4, 6-18, 20-22, and 25-32.

Regarding claim 35, it depends from claim 33 and includes all of the elements thereof. Applicants have discussed above *Carrithers*’ failure to teach each of the elements of claim 33. Therefore, since claim 35 includes each of the elements of claim 33, claim 35 is not obvious over *Carrithers* in view of the ordinary skill in the art for the same reasons as claim 33 discussed above, in addition to its own respective features. Therefore, Applicants respectfully request withdrawal of the rejection of claim 35.

The Examiner next rejects claim 23 under 35 U.S.C. § 103(a) as being obvious over U.S. Patent No. 5,774,870 issued to Storey (“*Storey*”) in view of *Carrithers*. Applicants respectfully traverse the rejection.

In making the rejection, the Examiner characterizes *Storey* as disclosing each of the elements of claim 23 except “the use of loyalty points where the points are converted to a

Serial No. 09/834,478
Docket No. 40655.1300

currency and credited to a financial transaction account." Applicants have reviewed *Storey* in its entirety and submit *Storey* does not teach or suggest at least "posting said currency credit to said financial transaction account, wherein said currency credit is applied to offset an executed charge" as recited in independent claim 23. The Examiner relies on *Carrithers* to cure the defects of *Storey*, however, for the reasons discussed above, *Carrithers* fails to cure such defects. Therefore, *Storey* in view of *Carrithers* fails to teach or suggest each of the elements of claim 23.

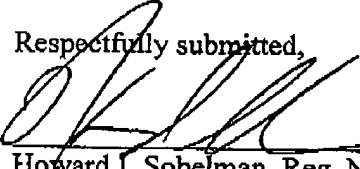
The failure of *Storey* in view of *Carrithers* to teach or suggest each of the elements of claim 23 is fatal to the obviousness rejection. Therefore, claim 23 is not obvious over *Storey* in view of *Carrithers*. Accordingly, Applicants respectfully request withdrawal of the rejection of claim 23.

CONCLUSION

In view of the foregoing, it is believed that all claims now pending are in condition for allowance. A Notice of Allowance is earnestly solicited at the earliest possible date. If the Examiner believes that a telephone conference would be useful in moving the application forward to allowance, the Examiner is encouraged to contact the undersigned. If necessary, the Commissioner is hereby authorized to charge payment or credit any overpayment to Deposit Account No. 1928-14 for any additional fees required under 37 C.F.R. §§ 1.16 or 1.17, particularly extension of time fees.

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Respectfully submitted,


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